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SUBJECT Crimes Protected by the CIA

HUGH DOWNS: Up front tonight, crimes protected by the CIA. There have been disclosures over the years that agents and former agents and informants of the CIA, our spy organization, have abused their power. One example, former CIA agent Edwin Wilson, who was arrested last month and charged with illegally supplying explosives to Libya and who is under investigation for possible involvement in an assassination attempt.

Well, tonight another story. This time of a CIA informant involved in crimes in the United States. And here with the report is John Stossol.

JOHN STOSSOL: Hugh, this starts out as a story about car theft. Last year California police came upon an incredible car theft ring that was stealing thousands of cars. But as police started to make arrests, they found themselves up against the CIA.

PRESIDENT RONALD REAGAN: You, the men and women of the CIA, are the eyes and ears of the Free World. Like those who are part of any silent service, your sacrifices are sometimes unappreciated, your work is sometimes misunderstood.

STOSSOL: Right after President Reagan made that speech to the Central Intelligence Agency last month, he signed a new law designed to protect CIA agents. It makes it a crime for anyone to reveal the name of any covert CIA agent or informant. That includes people like this man, the former head of Mexico's secret police, Miguel Nazar Haro (?).

CARLOS: You're dealing with a high government official who I think would have been very happy in Nazi Germany. Even

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when he wasn't participating, he would direct what kind of torture would be perpetrated, and seemed to enjoy it: smile, laugh.

STOSSOL: What happens when a man like that is discovered by California State Police, the FBI, and the press to be working with thieves in the United States, smuggling guns and stealing cars? And his ring of car thieves didn't steal just any car. They stole Porches, brand-new Rolls-Royces, Ferraris, Maseratis, Mercedes, and four-wheel-drive Ford Broncos. They even stole a few motor homes.

Mostly, they stole fancy cars like this Ferrari. It went on for seven years. They stole cars, mainly here in Southern California, but some were from Texas. They took cars from all over the Southwest. They were brazen thieves. They stole in broad daylight.

MAN: The salesman got out of the car. The customer grabbed the steering wheel, literally kicked him out of the car, and was gone before the man hit the ground.

STOSSOL: Other times the thieves worked in pairs. One distracted the salesman while the other went into the key box and picked out the keys for the cars he wanted to steal.

In another case:

MAN: They just in the middle of the night drove a truck through two gates and then smashed right through the garage door, moved four cars to get the one car they wanted, drove it out. And, you know, the sirens are going, the whistles are running around, the LAPD is closing in. Never deviated from the mission. And they did get the car, and they still have yet to locate that vehicle.

STOSSOL: Southern California dealers started setting up all kinds of security devices to protect themselves. They installed surveillance cameras, bought police dogs, built barbed-wire fences and chained in the cars. Even that didn't work.

MAN: Formed a wagon train, kind of like the old wagon trains of old, and turned around and took a great big massive chain and enclosed all these vehicles. Well, they just went away.

STOSSOL: All the stolen cars had one destination, Mexico. There's an enormous demand for stolen cars in Mexico because it's nearly impossible to import a car legally. If you're a Mexican citizen, you need a special permit and you must pay a tax that can double or triple the original purchase price.

A Chevy Caprice that cost \$8000 in the U.S. will sell for 19,000 in Mexico City.

Getting the cars into Mexico is easy. Heading south, the border is wide open. Authorities rarely stop you as you cross. I borrowed a new Ferrari and they just wave me through.

Of course, it's even easier if you have the cooperation of the Mexican police. No problem for these thieves led by Gilberto Perazo Mayan (?) because they were stealing-to-order for Mexican police and some private citizens.

Doug Schwartz, Assistant U.S. Attorney in San Diego.

DOUG SCHWARTZ: There were so many orders that were being given to him and so much pressure for him to steal cars and deliver it to law enforcement agents in Mexico, and they would be lining up at the border, waiting for him to get there so they could bid on the cars, that he would actually hide from the agents. He was just too busy.

STOSSOL: Perazo's being so busy attracted this man Nazar Haro and his secret police. They took over the ring.

SCHWARTZ: They basically told Perazo that they wanted him to steal exclusively for them, and he basically did.

STOSSOL: The secret police in Mexico are called the Directorate of Federal Security, the DFS, seen here in this demonstration raid staged so Mexican television could film them in action. The DFS used many of the stolen cars themselves and gave away others in exchange for political favors. The car thieves, because they were working for the DFS, had nothing to fear from Mexican police.

CARLOS: The [Spanish term for DFS] has unlimited powers. They can arrest a person and put you in prison there as a political prisoner for life, as long as they want. They don't have to answer to anyone.

STOSSOL: Carlos worked for another branch of Mexican intelligence. He agreed to talk about the DFS if we'd shield his identity.

CARLOS: If any Mexican citizen outside of a [Spanish term] agent was seen driving a car that was any bigger than a Chevy, he would be stopped immediately, you know, and he'd lose the car. But a [Spanish term] agent can drive a Mercedes, he can drive a Lincoln Continental, he can drive anything he wants. Who's going to stop him?

STOSSOL: Maybe no one in Mexico. But in California, November 1980, the Highway Patrol stopped two stolen cars headed for Mexico. One of the thieves decided to talk.

MAN: The whole gang, we stole 27 cars in one day.

STOSSOL: Twenty-seven cars in one...

MAN: Twenty-seven cars in one day.

STOSSOL: The FBI persuaded the car-thief-turned-informant to help them get one of their agents inside the ring. He succeeded, and even got the ring to meet inside the agent's San Diego apartment, where the FBI could film them with a hidden camera. The camera caught a DFS policeman bragging about his ability to bring cars and guns into Mexico. The undercover FBI agent asked:

TRANSLATOR: Do you have any problems getting things through the border?

No, never. I just show Customs my DFS credentials, and they leave me alone. Even the federal police don't bother me.

STOSSOL: They seemed less concerned about being caught than being sure they stole the right color car.

Norman Zagrosi (?) of the FBI.

NORMAN ZAGROSI: We tried to show one of the thieves, the ringleaders, a four-wheel-drive Bronco. And he asked our man the color. And we stated that it was red and white. And they said, "Well, we're not interested in red and white. You know that our colors are black and white. We want black and white Broncos. We don't want red and white."

So this individual never even left the motel room to come and look at the car.

STOSSOL: The undercover operation went on for eight months while hundreds of cars, like these, continued disappearing into Mexico.

SCHWARTZ: It was a game of trying to figure out how we can get as many of the defendants into the United States at one time, so we can arrest them all.

STOSSOL: But they decided they couldn't wait because the car theft ring added machine guns to their shipments and they started becoming suspicious of the FBI undercover agent and the informant.

MAN: There was a big meeting. They kicked me out of the room, and the agent. And I started getting suspicious, you know. I talked to the guy, to the agent, "Hey, we're going to get killed, or something."

STOSSOL: Federal authorities heard that this man had been brought into the United States to kill the informant and the undercover agent.

SCHWARTZ: There was great danger to our confidential informant and to our FBI agent. So we decided that the time to act was then.

STOSSOL: So the FBI surrounded this motel and then arrested these men. They eventually caught 14 of the thieves. Fourteen others were indicted, but never arrested because they never showed up in the United States.

The strange part of it was that one man was missing from the indictment, the most prominent and powerful member of the alleged conspiracy, the top man in the DFS, Nazar Haro. Several of the thieves say he personally ordered cars stolen.

MAN: He ordered a Porsche. He ordered a van. He ordered a boat, a mobile home.

STOSSOL: You brought the van to his house.

MAN: He was there. He received the keys from me, from my hand.

STOSSOL: So why wasn't Nazar indicted? 20/20 has learned that an agent of the FBI, stationed here at our embassy in Mexico City, sent out cables saying the CIA considered Nazar Haro a friend of the United States. Said the cable, "Damaging Nazar Haro would damage our national interests." They said he should not be prosecuted.

Former U.S. Attorney Doug Schwartz, now in private practice, says he was told:

SCHWARTZ: That Mr. Nazar was an intelligence source who cooperated and acted with the CIA regularly.

STOSSOL: Why was Nazar Haro so valuable to the CIA? Because Mexico City is a hotbed of international intrigue and spying. The Russians here, from their embassy, run their biggest spy operation in Latin America, as do the Cubans from theirs. Intelligence sources told 20/20 that Nazar Haro and the DFS spied on those embassies and shared some of what they learned with us.

Second, Nazar Haro and the DFS provided information on revolutionaries plotting the overthrow of Central and South American governments.

And in the 1970s, when unrest in Mexico was worrying the United States, Nazar Haro kept the CIA informed.

The way he gathered information earned him a reputation as a torturer.

CARLOS: One of his favorite methods of interrogation is to take a prisoner in a [Spanish term], a station wagon, in the back seat, laying face-up, two agents, one sitting on his legs and one sitting on his chest, and push him out of the car and push his head towards the freeway to Pueblo, doing 80 and 90 miles an hour.

STOSSOL: Law Professor Robert Goldman studied human rights violations in Mexico. When he asked prisoners about torture, the name that came up most often was Nazar Haro.

ROBERT GOLDMAN: Not only was he known to be the head of one of the most organized group of official vigilantes that operated with impunity and beyond any form of judicial control in Mexico for almost a period of ten years, but according to testimonies that I regard as very hard and very concrete, he is something of a beast.

STOSSOL: For the U.S. Government, this creates a difficult situation. Here we have a man who tortures people and whose employees steal 4000 American cars. On the other hand, he helps the CIA. So what do we do? Do we prosecute him? If we did, we'd lose his help. Also, if we prosecuted, what might he say? What secrets might he reveal that might endanger national security?

There's a term for this. It's called graymail. It's not exactly blackmail, so they call it graymail. And it was because of this graymail that Nazar Haro was not prosecuted for nine months.

Then the press got involved. San Diego Union reporter John Standifer (?) heard rumors about CIA intervention in the case. He called this man, then-United States Attorney William Kennedy, who confirmed the story. The reaction from Washington was quick. Kennedy was fired by the Reagan Administration.

If Kennedy had named Nazar Haro as a CIA source today instead of a few months ago, he might be in jail instead of just fired. And reporter John Standifer might be in jail, too, for revealing Nazar's role in print. That's because that law you

saw the President sign earlier now makes it a crime punishable by three years in jail and a \$15,000 fine for anyone to name a covert CIA source.

The irony of it all is that Nazar Haro finally got indicted anyway. Three weeks after Kennedy's firing, Nazar came to the United States to hold a press conference.

MIGUEL NAZAR HARO: I don't do nothing bad.

STOSSOL: He announced he was filing an \$11 million libel suit against Time magazine for calling him a thief.

SCHWARTZ: I think that turned the tide against Mr. Nazar. He needed to be brought to justice, just like any other person who commits crimes within the United States.

STOSSOL: In the glare of publicity, Nazar's protection dissolved. The Justice Department gave the go-ahead, and the FBI arrested him. But he immediately posted \$200,000 bail in cash and went right back to Mexico. So Nazar and the 4000 cars are still in Mexico. The FBI says that despite repeated promises, not one car has been returned.

Nazar Haro today is no longer head of the DFS. But he lost his job in a political shakeup, no relation to the car thefts. And today he's not hiding. He lives in a nice house in Mexico City. He apparently is not worried about being prosecuted.

DOWNS: Why not? Isn't there an extradition treaty with Mexico?

STOSSOL: There is a treaty. It gives Mexico the choice to either send him back to the U.S. for prosecution or to try him themselves. But, at the moment, they are not doing either.

DOWNS: Thank you, John.